



Council Communication

Office of the City Manager

Date

March 26, 2007

Agenda Item No. 44A
Roll Call No. 07-
Communication No. 07-177
Submitted by: Craig Smith, A.A.E.
Aviation Director

AGENDA HEADING:

Hearing on First Amendment to current Lease Agreement with United Parcel Service, Inc. (UPS) for property at the Des Moines International Airport located at 2601 Army Post Road

SYNOPSIS:

Currently, UPS has three facility lease agreements for Airport property and a long-term land lease agreement for the construction of a new sort and distribution facility. In conjunction with the recent approval to extend the completion date for the sort and distribution facility to December 31, 2014, UPS is requesting an extension of the lease agreement for 2601 Army Post Road so that it can continue leasing its existing airport facilities until the new on-airport sort and distribution facility is finished.

FISCAL IMPACT:

Amount: Currently, the lease generates \$100,430 in revenue annually for the City.

Funding Source: Airport Tenant - UPS

ADDITIONAL INFORMATION:

The amendment to the lease agreement for 2601 Army Post Road extends the term of the agreement and obligates UPS to continue lease payments until October 31, 2012, and includes an option to extend the agreement until December 31, 2014. The rate is adjusted periodically to reflect changes in the Consumer Price Index.

The Amendment also updates certain contract language from the 1992 Lease Agreement.

PREVIOUS COUNCIL ACTION(S):

Date: March 12, 2007

Roll Call Number: 07-456

Action: On Amendments to Lease Agreements with United Parcel Service Inc., for the following, (3-26-07): [First](#) Amendment, 2601 Army Post Road. Moved by Mahaffey to adopt. Motion Carried 6-1.

Date: September 28, 1992

Roll Call Number: 92-3793

Action: Approval of Lease Agreement with United Parcel Service Inc. for property located at 2601 Army Post Road.

ANTICIPATED ACTIONS AND FUTURE COMMITMENTS: NONE